

May 4, 2012

VIA USPS

Stephanie L. Beckhorn  
Manager, WIA Section  
Workforce Development Agency  
201 N. Washington Square  
Lansing, MI 48913

VIA USPS

Christopher J. Shannon  
Mayor  
700 Fourth St.  
Bay City, MI 48708

VIA USPS

Thomas L. Hickner  
Bay County Executive  
Bay County Building  
515 Center Avenue, Suite 401  
Bay City, MI 48708-5125

RECEIVED

MAY 07 2012

WIA  
WORKFORCE PROGRAMS

Re: Conditional Notice Pursuant to the Worker Adjustment and Retraining Notification Act

Dear Ms. Beckhorn:

Hostess Brands, Inc. (including its affiliate Interstate Brands Corporation, "Hostess" or the "Company") filed for chapter 11 relief on January 11, 2012 (the "Filing"). The Company has been actively engaged in discussions with various lenders and potential purchasers regarding Hostess' restructuring both before and after the Filing. Our primary focus is to complete our restructuring of the Company and emerge from chapter 11 as a viable company. However, it is possible that, despite our best efforts, certain events may occur that would require Hostess to sell all or portions of its business and/or wind down its operations and liquidate.

Despite the uncertainty of what may happen, the federal Worker Adjustment and Retraining Notification Act and certain related State statutes (collectively, "WARN") generally require employers to provide advance notice in the event of certain covered employment actions. To comply with any WARN obligations Hostess may have, this letter is intended to give you conditional notice that, based upon the best information reasonably available to Hostess at this time, it is possible that one of the following events may occur:

- The board of directors authorizes, or seeks court authorization for, the pursuit of a sale of all or a substantial portion of all of Hostess' assets;
- The board of directors authorizes, or seeks court authorization for, Hostess to stop pursuing the restructuring of its business;
- More than 20% of Hostess' aggregate workforce is laid off after January 11, 2012;
- Hostess receives an unsatisfactory resolution of its pending motion before the bankruptcy court regarding certain modifications to its collective bargaining agreements with the Bakers and/or the Teamsters;

- There is a strike, walkout, lockout, slowdown or other work stoppage that is likely to have a material adverse effect on Hostess; or
- Hostess seeks bankruptcy court approval to commence a sale of property while in bankruptcy which accounts for more than 20% of Hostess' consolidated net sales as reported on Hostess' financial statements for the twelve-month period preceding January 11, 2012.

If one of these events occurs, Hostess may begin the process of permanently ceasing operations, and significantly scaling down operations at its Bay City MI - 824 N Euclid located at 2059 North Euclid Ave, Bay City, MI 48706, as early as 60 days from the receipt of this notice. In such an event, Hostess currently expects substantially all employee separations to occur within 60 days of the receipt of this notice or within a 14-day period thereafter. At the end of this process, the entire Bay City MI - 824 N Euclid would be permanently closed. There will be no bumping rights available to employees in this circumstance.

A listing of the job titles of the positions that we would expect to be affected, and the names of the employees in each of those job classifications is attached as Attachment A.

Some of the affected employees are represented by one of the twelve unions listed below. The chief elected union officers and their addresses are:

James P. Hoffa  
 General President  
 International Brotherhood of Teamsters  
 25 Louisiana Avenue, N.W.  
 Washington, D.C. 20001

Frank Hurt  
 International President  
 Bakery, Confectionery, Tobacco Workers, and Grain Millers International Union  
 10401 Connecticut Avenue  
 Kensington, MD 20895-3951

John P. Ryan  
 International President  
 Glass, Molders, Pottery Plastics & Allied Workers International Union  
 608 E. Baltimore Pike  
 Media, PA 19063-1735

Thomas Buffenbarger  
 President  
 International Association of Machinists and Aerospace Workers  
 9000 Machinists Place  
 Upper Marlboro, MD 20772-2687

George J. Francisco, Jr.  
 President  
 International Brotherhood of Fireman and Oilers  
 1900 L. Street NW, Suite 502  
 Washington, DC 20036

Vincent J. Giblin  
 General President

International Union of Operating Engineers  
1125 17th Street, NW  
Washington, DC 20036

Michael Malecki  
President  
United Brotherhood of Carpenters Millwright and Mill Cabinet  
101 Constitution Ave NW, 10th Floor  
Washington, D.C. 20001

Michael Goodwin  
President  
Office and Professional Employees International Union  
265 W. 14th Street, Suite 610  
New York, NY 10011

Stuart Appelbaum  
President  
Retail, Wholesale, and Department Store Unions  
30 East 29th Street  
New York, NY 10016

Ron Gettelfinger  
President  
United Automobile, Aerospace & Agricultural Implement Workers of America  
8000 East Jefferson Avenue  
Detroit, MI 48214

Joseph C. Hansen  
President  
United Food and Commercial Workers International Union  
1775 K Street, NW  
Washington, DC 20006

Leo W. Gerard  
International President  
United Steelworkers of America  
Five Gateway Center  
Pittsburgh, PA 15222

Hostess has sent notice to the International Presidents of the above-listed unions and provided copies to their Local Business Agents.

Again, our primary focus is to complete our restructuring and emerge from chapter 11 as a viable Company. If you have any questions, or would like further information, please contact our AskHR call center at 1-800-Hostess (1-800-467-8377).

Very truly yours,



Christopher J. Knipp